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Financing of the United Nations peacekeeping forces in the Middle East

United Nations Disengagement Observer Force

Financial performance report of the United Nations Disengagement Observer Force for the period from 1 July 2000 to 30 June 2001

Report of the Secretary-General

Summary

The present report contains the financial performance report of the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 2000 to 30 June 2001. The General Assembly, by its resolution 54/266 of 15 June 2000, appropriated an amount of $36,975,496 gross ($35,924,037 net) for the same period.

Expenditures for the period totalled $36,400,396 gross ($35,268,737 net), resulting in an unencumbered balance of $575,100 gross ($655,300 net).

The unencumbered balance resulted mainly from civilian vacancies, lower than budgeted requirements under rations, favourable unit cost rates obtained for the purchase of vehicles under the systems contract, lower requirements for vehicles spare parts, and lower consumption of fuel. The unencumbered balance was partially offset by requirements for urgent replacement of prefabricated buildings to upgrade accommodations, increases in local staff salaries, additional requirements for claims for a troop-contributing Government for contingent-owned equipment and self-sustainment, and higher than projected requirements to settle troop-contributing Governments' claims for injury, disability or illness of their contingent members relating to previous financial periods.

The action to be taken by the General Assembly in connection with the financing of the Force for the period from 1 July 2000 to 30 June 2001 is set out in paragraph 11.

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I. Introduction

1. The United Nations Disengagement Observer Force (UNDOF) was established for an initial period of six months by the Security Council in its resolution 350 (1974) of 31 May 1974. The mandate of the Force has subsequently been extended by the Council in various resolutions, the latest of which was resolution 1381 (2001) of 27 November 2001, by which the mandate of the Force was extended until 31 May 2002.

2. The budget for the maintenance of UNDOF for the period from 1 July 2000 to 30 June 2001 was set out in the report of the Secretary-General dated 1 February 2000 (A/54/732), and amounted to $34,946,700 gross ($34,195,300 net).

3. On the recommendation of the Advisory Committee on Administrative and Budgetary Questions (see A/54/841/Add.1 of 7 April 2000, para. 23), the General Assembly, by its resolution 54/266 of 15 June 2000, appropriated an amount of $36,975,496 gross ($35,924,037 net) for the maintenance of UNDOF for the period from 1 July 2000 to 30 June 2001, inclusive of $1,754,501 gross ($1,484,675 net) for the support account for peacekeeping operations and $274,295 gross ($244,062 net) for the United Nations Logistics Base at Brindisi. This amount has been assessed on Member States.

II. Implementation of the budget

4. Information on the operations of UNDOF and the situation on the ground during the period under review is contained in the reports of the Secretary-General to the Security Council dated 17 November 2000 (S/2000/1103), 18 May 2001 (S/2001/499) and 15 November 2001 (S/2001/1079).

5. During the period covered by this performance report, from 1 July 2000 to 30 June 2001, UNDOF continued with its mandate, which requires UNDOF to maintain the ceasefire, to see that it is scrupulously observed and to supervise the Agreement and Protocol with regard to the Areas of Separation and Limitation.

6. The savings realized were mainly as a result of the slightly lower actual troop strength than authorized, the lower-than-budgeted requirement under rations due to utilization of Y2K stocks, a lower-than-projected requirement under civilian staff salaries and common staff costs, for international staff, change in the specifications of a few vehicles purchased, more favourable unit rates obtained for purchase of vehicles under the systems contract, lower requirement of vehicle spare parts and lower consumption of petrol, oil and lubricants, increased consumption of diesel, which is a cheaper fuel than benzene, and cancellation of the purchase of certain medical equipment for economical reasons.

7. Such savings were utilized in large part to cover the cost of urgent replacement of prefabricated buildings to upgrade the accommodations as the buildings currently in use have exceeded their economic life and deteriorated to a point that they have now become a health and safety hazard. The savings were also utilized in part to cover higher requirements under local staff salaries due to the increase in the local staff salaries, effective 1 July 2000, that could not have been projected when the budget was prepared. There were additional funding requirements to obligate the claims in anticipation of contingent-owned equipment and self-sustainment to be

provided by one troop-contributing Government, and to settle backlog claims filed by troop-contributing Governments for injury, disability or illness resulting from service with UNDOF.

8. During the period under review, an amount of $1,600 was expended by the Mission on measures to provide security of the staff, as shown in table 1 below.

Table 1
Expenditures for staff security
(United States dollars)

Item	*Expenditure*
Other equipment*	1 600.00
Total	**1 600.00**

* Alarm for EDP Building.

III. Financial performance report for the period from 1 July 2000 to 30 June 2001

9. As indicated in table 2 below, from the appropriation of $36,975,496 gross ($35,924,037 net) for the period from 1 July 2000 to 30 June 2001, expenditures amounted to $36,400,396 gross ($35,268,737 net), inclusive of $13,406,600 in unliquidated obligations. The resulting unencumbered balance of $575,100 gross ($655,300 net) represents, in gross terms, approximately 1.6 per cent of the amount appropriated. Annex I to the present report contains financial performance information for the reporting period by budget line item, with supplementary information on significant variances presented in annex II. Annex IV contains a chart showing apportionment and expenditures by main budget groups.

Table 2
Apportionment and expenditure
(Thousands of United States dollars)

Category of expenditure	*Apportionment*	*Expenditure* [a]	*Variance*
Military personnel	18 746.3	19 335.2	(588.9)
Civilian personnel	5 158.0	5 088.0	70.0
Operational requirements	10 240.6	9 046.8	1 193.8
Other programmes	50.4	70.0	(19.6)
United Nations Logistics Base at Brindisi	244.1	244.1	-
Support account for peacekeeping operations	1 484.6	1 484.6	-
Staff assessment	1 051.4	1 131.6	(80.2)
Gross requirements	**36 975.4**	**36 400.3**	**575.1**
Income from staff assessment	(1 051.4)	(1 131.6)	80.2
Net requirements	**35 924.0**	**35 268.7**	**655.3**
Voluntary contributions in kind (budgeted)	-	-	-
Voluntary contributions in kind (non-budgeted)	400	400	-
Total resources	**37 375.4**	**36 800.3**	**575.1**

[a] Includes an amount of $13,406,600 in unliquidated obligations.

10. Information on the deployment of military contingent and civilian personnel during the reporting period is presented in table 3 below and detailed in annex III.

Table 3
Authorized staffing, incumbency and vacancy rates for military and civilian personnel for the period from 1 July 2000 to 30 June 2001

Personnel category	*Authorized strength*	*Actual strength (average)*	*Vacancy rate (percentage)*
Military observers	-	-	-
Military contingents	1 037	1 032	-
Civilian police	-	-	-
International staff	38	34	10
Local staff	87	86	1
United Nations Volunteers	-	-	-

IV. Action to be taken by the General Assembly at its fifty-sixth session

11. **The action to be taken by the General Assembly in connection with the financing of UNDOF is as follows:**

(a) To decide on the treatment of the unencumbered balance of $575,100 gross ($655,300 net) for the period from 1 July 2000 to 30 June 2001;

(b) To decide on the treatment of other income for the period from 1 July 2000 to 30 June 2001 amounting to $2,264,000 from interest income ($1,377,000), other/miscellaneous income ($446,000) and savings on or cancellation of prior period obligations ($441,000).

Annex I

Financial performance report for the period from 1 July 2000 to 30 June 2001: summary statement

(Thousands of United States dollars)

Category of expenditure	*(1)* *Apportionment* [a]	*(2)* *Non-recurrent expenditures*	*(3)* *Total expenditures (inclusive of non-recurrent expenditures)*	*(4) = (1 - 3)* *Variance*
I. Military personnel				
1. Military observers	-	-	-	-
2. Military contingents	18 315.6	-	18 068.2	247.4
3. Other requirements pertaining to military personnel				
(a) Contingent-owned equipment	130.7	-	897.0	(766.3)
(b) Self-sustainment	-	-	-	-
(c) Death and disability compensation	300.0	-	370.0	(70.0)
Subtotal, line 3	430.7	-	1 267.0	(836.3)
Total, category I	**18 746.3**	**-**	**19 335.2**	**(588.9)**
II. Civilian personnel				
1. Civilian police	-	-	-	-
2. International and local staff	5 158.0	-	5 088.0	70.0
3. United Nations Volunteers	-	-	-	-
4. Government-provided personnel	-	-	-	-
5. Civilian electoral observers	-	-	-	-
Total, category II	**5 158.0**	**-**	**5 088.0**	**70.0**
III. Operational requirements				
1. Premises/accommodation	1 523.7	1 443.8	2 319.7	(796.0)
2. Infrastructure repairs	-	-	-	-
3. Transport operations	5 820.6	2 502.8	4 075.3	1 745.3
4. Air operations	-	-	-	-
5. Naval operations	-	-	-	-
6. Communications	481.7	202.1	503.2	(21.5)
7. Other equipment	866.2	214.9	781.1	85.1
8. Supplies and services	1 367.4	-	1 218.6	148.8
9. Air and surface freight				
(a) Transport of contingent-owned equipment	-	-	-	-
(b) Commercial freight and cartage	181.0	-	148.9	32.1
Subtotal, line 9	181.0	-	148.9	32.1
Total, category III	**10 240.6**	**4 363.6**	**9 046.8**	**1 193.8**

Category of expenditure	(1) Apportionment [a]	(2) Non-recurrent expenditures	(3) Total expenditures (inclusive of non-recurrent expenditures)	(4) = (1 - 3) Variance
IV. Other programmes				
1. Election-related supplies and services	-	-	-	-
2. Public information programmes	-	-	-	-
3. Training programmes	50.4	-	70.0	(19.6)
4. Mine-clearing programmes	-	-	-	-
5. Assistance for disarmament and demobilization	-	-	-	-
Total, category IV	**50.4**	**-**	**70.0**	**(19.6)**
V. United Nations Logistics Base at Brindisi	**244.1**	**-**	**244.1**	**-**
VI. Support account for peacekeeping operations	**1 484.6**	**-**	**1 484.6**	**-**
VII. Staff assessment	**1 051.4**	**-**	**1 131.6**	**(80.2)**
Gross requirements, categories I-VII	36 975.4	4 363.6	36 400.3	575.1
VIII. Income from staff assessment	**(1 051.4)**	**-**	**(1 131.6)**	**80.2**
Net requirements, categories I-VIII	35 924.0	4 363.6	35 268.7	655.3
IX. Voluntary contributions in kind (budgeted)	**-**	**-**	**-**	**-**
X. Voluntary contributions in kind (non-budgeted)	**400.0**	**400.0**	**400.0**	**-**
Total	**37 375.4**	**4 763.6**	**36 800.3**	**575.1**
				Amount
XI. Other income/adjustments				
Interest income				1 377.0
Other/miscellaneous income				446.0
Voluntary contributions in cash				-
Prior period adjustments				-
Savings on, or cancellation of prior period obligations				441.0
Total, category XI				**2 264.0**

[a] Based on appropriation provided by General Assembly resolution 54/266.

Annex II

Supplementary information on significant variances

Military personnel

Apportionment: $18,746,300; expenditure: $19,335,200; variance: ($588,900)

1. The shortfall under this heading was attributable to the additional costs incurred under other requirements pertaining to military personnel, which was partially offset by the unutilized balance under military contingents.

Military contingents

Apportionment: $18,315,600; expenditure: $18,068,200; variance: $247,400

2. The unutilized balance under this heading resulted from (a) a slightly lower actual average troop strength than budgeted during the period under review; (b) fewer welfare trips due to increased restrictions on movement; and (c) utilization of large Y2K stocks for rations and cheaper alternative meat products. The savings were slightly offset by a higher troop rotation cost than budgeted for one contingent.

Other requirements pertaining to military personnel

Apportionment: $430,700; expenditure: $1,267,000; variance: ($836,300)

3. The additional requirement under this heading was mainly due to the unbudgeted obligations made for the settlement of anticipated claims to a troop-contributing Government for contingent-owned equipment and self-sustainment ($766,300) and the unbudgeted payment made for injury, disability or illness of their contingent members resulting from service with UNDOF during the past financial period ($70,000). The additional requirements under this purpose were financed through redeployment of resources from other expenditure headings.

Civilian personnel

Apportionment: $5,158,000; expenditure: $5,088,000; variance: $70,000

4. The unencumbered balance under this heading was largely due to an overall vacancy rate of 10 per cent experienced for international staff (full incumbency had been assumed in the budget). This saving was offset in part by unbudgeted requirements under local staff salaries as a result of an increase in local staff salaries, effective 1 July 2000, which could not have been projected when the budget was prepared.

5. During the period under review, a total of 12 UNDOF personnel were on short-term loans to new missions or other operations as shown below:

Deployed to:	*Number of staff*
United Nations Mission in Ethiopia and Eritrea (UNMEE)	4
United Nations Interim Administration Mission in Kosovo (UNMIK)	1
United Nations Mission in Sierra Leone (UNAMSIL)	1
United Nations Observer Mission in Georgia (UNOMIG)	1
United Nations Iraq-Kuwait Observation Mission (UNIKOM)	1
United Nations Mission for the Referendum in Western Sahara (MINURSO)	4
Total	**12**

Operational requirements

Apportionment: $10,240,600; expenditure: $9,046,800; variance: $1,193,800

6. The unutilized balance under this heading resulted from reduced requirements under transport operations ($1,745,300), other equipment ($85,100), supplies and services ($148,800), and air and surface freight ($32,100), which were offset in part by additional requirements under premises/accommodation ($796,000) and communications ($21,500).

Premises/accommodation

Apportionment: $1,523,700; expenditure: $2,319,700; variance: ($796,000)

7. The additional requirement under this heading was largely due to the unbudgeted purchase of replacement of prefabricated buildings to upgrade the accommodation as part of the UNDOF master plan for infrastructure improvement for the three-year period 2001-2004 due to the fact that the accommodation buildings currently in use have exceeded their useful life, and have so deteriorated that they have now become a health and safety hazard and cannot be maintained any further. The unutilized balances realized under utilities as a result of lower-than-anticipated consumption of electricity in Camp Ziouani and Camp Faouar, and those under maintenance supplies and services, were redeployed during the period under review to cover the unbudgeted replacement of prefabricated buildings for the upgrading of the accommodation as mentioned above.

Transport operations

Apportionment: $5,820,600; expenditure: $4,075,300; variance: $1,745,300

8. The unutilized balance of $1,745,300 under this heading resulted largely from (a) favourable unit cost rates obtained for purchase of vehicles from the systems contract, and a change in the specifications of a few vehicles purchased; (b) deferment of the purchase of some workshop equipment to upgrade the accommodation; and (c) lower consumption of petrol, oil and lubricants due to increased restrictions on the movement in the mission area, more usage of comparatively cheaper form of fuel due to further introduction of new diesel-operated vehicles in the fleet, and better contract prices negotiated for fuel prices in the mission area. A large part of the savings was redeployed to cover unbudgeted replacement of prefabricated buildings for upgrading the accommodation (see para. 6 of the present annex).

Communications

Apportionment: $481,700; expenditure: $503,200; variance: ($21,500)

9. The major part of the additional requirement under this heading represented telephone bills for the personal calls that were temporarily charged against the UNDOF commercial communication account and will be recovered later from staff members after the actual costs of personal calls can be identified.

Other equipment

Apportionment: $866,200; expenditure: $781,100; variance: $85,100

10. The unutilized balance under this heading resulted mainly from the cancellation of the purchase of laboratory testing equipment for economical reasons, and usage of Y2K stocks and more repairs made within the mission area rather than through the use of outside contractors for equipment.

Supplies and services

Apportionment: $1,367,400; expenditure: $1,218,600; variance: $148,800

11. The unutilized balance under this heading was mainly due to (a) garbage disposal at Camp Faouar by a battalion driver and local workers rather than through budgeted contractual arrangement; (b) deferred purchase of stationery and office supplies as well as uniform items, flags and decals to meet the higher-than-projected requirement for sanitation and cleaning materials and unbudgeted replacement of prefabricated buildings for the upgrading of the accommodation (see para. 6 of the present annex); (c) purchase of certain types of medicines through letters of assist (LOA) was not recorded against the period under review; (d) lower-than-budgeted requirement for packaging materials; and (e) projected losses due to the revaluation of currencies and exchange transactions resulting from payments made in other currencies were not realized during the reporting period. This unutilized balance was partially offset by additional requirements for higher-than-projected consumption of sanitation and cleaning materials for hygienic reasons, and non-budgeted requirement for the software licensing fees for Progen upgrading, Lotus Notes renewal, Lotus learning space start-up, Lotus ESP, etc.

Air and surface freight

Apportionment: $181,000; expenditure: $148,900; variance: $32,100

12. Actual expenditures under this heading were lower than budgeted as a result of lower-than-anticipated ex-Mission stock shipment. The unutilized balance was reallocated to cover unbudgeted replacement of prefabricated buildings for upgrading the accommodation (see para. 6 of the present annex).

Other programmes

Training programmes

Apportionment: $50,400; expenditure: $70,000; variance: ($19,600)

13. The training plan at UNDOF was developed to enhance the skills of personnel of all categories, enabling them to perform efficiently, not only at the mission level but also to meet the challenges faced by peacekeeping missions worldwide. As communications and information technology has become a vital component in

achieving the Mission's goals, a large portion of training funds was spent to train the personnel related to these areas to keep them abreast of the rapid changes in their field. The training courses provided in the areas of transport, procurement, finance and administration, including English language training courses, were for both international and local staff.

14. The table below provides information on the training programmes that took place in UNDOF during the period under review.

Course	*Expenditure in US$*	*Number of persons trained*	*Venue*
Domino Doc. 2/5A system administration and application	4 464	1	UNLB
Cisco router	1 475	1	UNTSO/Jerusalem
Reality training — system administrators	4 187	1	UNLB
Microsoft Windows 2000 network — ICND	4 267	1	UNLB
Management workshop/information technologies planning meeting	3 593	1	UNLB
IAPSO procurement training	3 130	2	Beirut
Reality training — system administrators	3 431	1	UNLB
CPO management workshop	2 882	1	Cyprus
Nissan and Toyota technical course	3 648	2	UNLB
Management and supervision	2 561	3	Lebanon
VSAT; video conference; INMARSAT; DAMA	4 187	1	UNLB
Reality/Cisco systems	6 710	1	UNLB
ISDN/MD-110	4 180	1	UNLB
Communications planning meeting and management workshop	3 703	1	UNLB
Cisco voice over frame relay/CID	4 614	1	UNLB
English classes	520	4	Damascus
Briefing/installation	3 218	1	Damascus
Cisco course	2 500	1	UNLB
Compaq course	2 273	1	UNLB
Generator power equipment	453	1	Ireland
Language course	635	1	Damascus
Progen system	2 098	4	Camp Faouar
Logistics program course	600	1	Geneva
Writing skills	661	1	Damascus
Total	**69 990**	**34**	

Staff assessment

Apportionment: $1,051,400; expenditure: $1,131,600; variance: ($80,200)

15. The additional requirement under this heading was mainly due to an increase in local staff salaries, effective 1 July 2000, which could not have been projected when the budget was prepared.

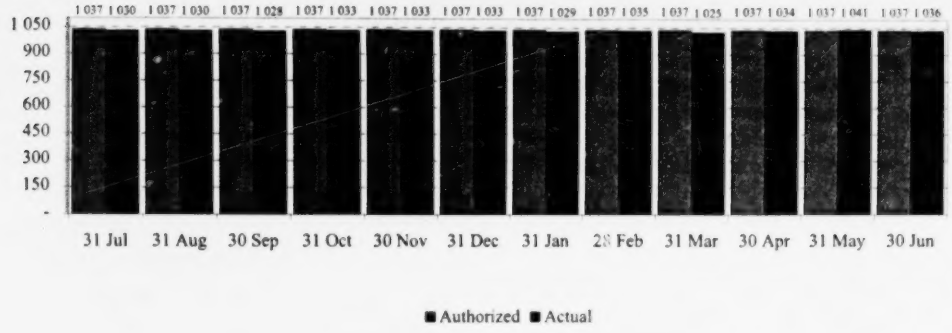
Voluntary contributions in kind (non-budgeted)

16. The Government of Austria provided a total amount of $400,000, including $200,000 for containers and $200,000 for equipment to support its battalion kitchen project during the reporting period. This non-budgeted voluntary contribution in kind was inadvertently omitted in the financial statement.

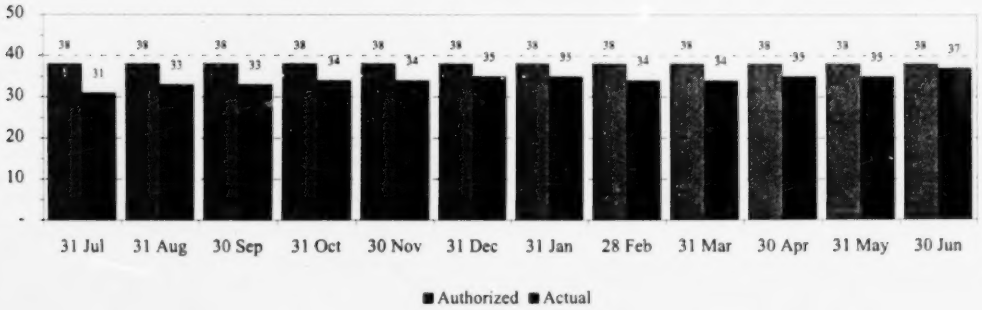
Annex III

Planned and actual deployment of military and civilian personnel for the period from 1 July 2000 to 30 June 2001

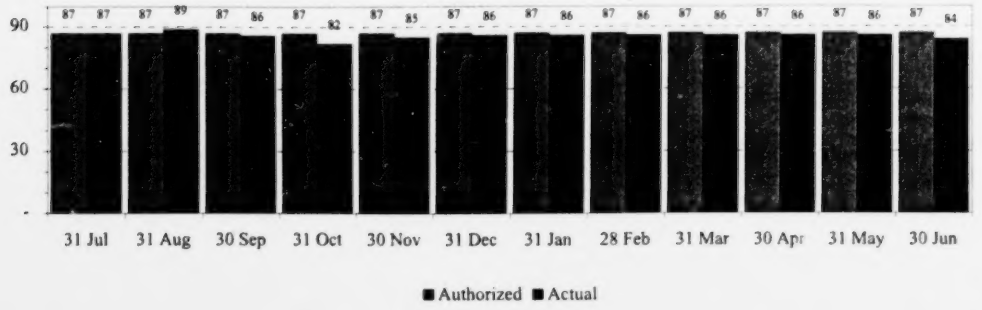
1. Military contingents



2. International Staff



3. Local Staff



Annex IV

Apportionment and expenditure for the period from 1 July 2000 to 30 June 2001